



STATE OF WASHINGTON
OFFICE OF FINANCIAL MANAGEMENT
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February 18, 2004

TO: The Honorable Joseph Zarelli, Chair
 Senate Ways and Means Committee

 The Honorable Mike Hewitt
 Senate Ways and Means Committee

 The Honorable Hans Dunshee, Chair
 House Capital Budget Committee

 The Honorable Margarita Prentice
 Senate Ways and Means Committee

 The Honorable Darlene Fairley
 Senate Ways and Means Committee

 The Honorable Gary Alexander
 House Capital Budget Committee

FROM: Marty Brown, Director 

SUBJECT: ADDITIONS TO 2004 SUPPLEMENTAL CAPITAL BUDGET

We respectfully submit the following modifications to the Governor's supplemental capital budget based on agency requests that were recently given to the Office of Financial Management (OFM). Information from the agencies will be forwarded under separate cover. We apologize for the tardiness of these agency requests.

Department of Ecology Basin Flow Achievement and Protection Program (language change only)

The Department of Ecology requests that proviso language be added to Section 216 of the Governor's proposed capital budget to provide more detail and guidance on how basin flow achievement and protection program funding would be utilized.

The proviso language would read as follows:

“The appropriation in this section is subject to the following conditions and limitations:

(1) The appropriation is provided solely for grants to finance basin flow achievement and protection projects in twenty-eight priority salmon basins and other basins where watershed plans are due by the end of calendar year 2004. Priority for the use of these funds must be given to projects that have been identified for early action through watershed plans, comprehensive irrigation district management plans, or similar plans; or to projects that are part of an approved habitat conservation plan or other intergovernmental agreement. Projects may precede completion of comprehensive watershed plans if the actions are compatible with the long-term planning effort.

(2) The purpose of the funding is to develop projects and take other water management actions that benefit stream flow. Eligible projects include: source substitution and conjunctive use projects; projects to identify, evaluate and prioritize where existing storage sites could be used to address known stream flow and other water supply problems in a cost-effective and environmentally sound manner; and projects that use reclaimed water to recharge groundwater. The department shall seek local and federal funds to augment the funding provided by this appropriation.”



Washington State School for the Blind Kennedy Building Replacement (language change only)

The Washington State School for the Blind is requesting a language change in section 615 in the 2003-05 capital budget to allow for the replacement of the Kennedy Building, the school's physical education/recreation facility, due to life safety, energy efficiency, and function issues. Current funds would be used for predesign and design of the replacement facility with the agency requesting additional funding in 2005-07 to complete the project. The replacement facility in 2005-07 would be a major capital project.

The proviso language would read as follows:

"The appropriation in this section is subject to the following conditions and limitations: The appropriation for the Kennedy Building may be used for predesign and design of a replacement facility. The appropriation shall meet the requirements of Section 903, Chapter 26, Laws of 2003, 1st Special Session."

State Conservation Commission (CREP) (appropriation change)

The Conservation Commission recently updated its information about projected expenditures for existing contracts under the Conservation Reserve Enhancement Program (CREP) in the 2003-05 biennium. Based on this information, the agency has asked to increase its 2004 supplemental capital funding request from \$2 million (section 222 of the Governor's proposed budget) to \$4 million, all from the State Building Construction Account-State. Of this \$2 million increase, \$250,000 is needed for commitments already made under existing contracts. We ask that the Legislature fund this added \$250,000 amount for a total supplemental capital request of \$2.25 million. The remaining \$1.75 million Commission request would enable conservation districts to enter into new contracts with landowners for the remainder of the 2003-05 biennium. We are not asking for this increase.

WDFW Federal Land Acquisition Authority (appropriation change)

The Department of Fish and Wildlife (WDFW) recently submitted a request for \$10.8 million in additional federal authority for land acquisition in the department's capital budget. Due to timing issues and project changes, the WDFW has identified approximately \$1.2 million of the \$10.8 million in additional federal authority to complete projects already initiated under Section 399 of the 2003-05 capital budget. An additional \$9.6 million (federal) is requested for new land acquisition covered by recently awarded federal grant funds for Coastal Wetland Conservation and Endangered Species Conservation (section 6). Grants awarded to the WDFW are from nationally competitive programs, and in many cases, act as matching funds for Salmon Recovery Funding Board (SRFB) and/or Washington Wildlife Recreation Program (WWRP) projects. Details of each proposed acquisition are shown in the attached table.

OFM is satisfied the proposed land purchases will be made only with willing sellers, meets all federal grant requirements, and in many cases, builds upon existing WWRP and SRFB grants. The WDFW will also compensate local jurisdictions through the "Payment In-Lieu of Taxes (PILT) program established by RCW 77.12.203. The Fish and Wildlife Commission has final authority to approve or deny all land acquisitions proposed by the Department.

In order for the department to complete the proposed land transactions utilizing these already awarded and received federal funds, additional federal appropriation authority is needed in the 2004 supplemental capital budget. OFM forwards this request for your consideration.

Because it is unclear how these proposed purchases fit into the Department's overall land acquisition strategy, OFM also requests that the Legislature consider directing WDFW through budget proviso to complete a land management plan, including underlying acquisition and divestiture policies, before the end of 2004. Such a plan would help OFM and the Legislature analyze and consider future requests for increased federal land acquisition authority during the 2005-07 capital budget process.

The agency's plan could also be coordinated with Substitute Senate Bill 6242 which was recently passed by the Senate and is now in the House Capital Budget Committee. This bill directs the Interagency Committee for Outdoor Recreation to develop a statewide strategy for the acquisition and disposal of recreation and habitat lands. If it passes the Legislature, it is expected that WDFW would coordinate development of its internal land management plan with any statewide strategy.

The adjustments to the CREP program will require additional bonding authority in the bond bills we have submitted.

Please do not hesitate to contact me or my capital budget staff if you have any questions.

cc: David Schumacher, Senate Ways and Means Committee
Charlie Gavigan, House Capital Budget Committee
Candace Espeseth, Office of Financial Management
Mike Roberts, Office of Financial Management
Linda Hoffman, Department of Ecology
Dean Stenehjem, Washington State School for the Blind
Mark Clark, State Conservation Commission
Jeff Koenings, Department of Fish and Wildlife
Will Roehl, Fish and Wildlife Commission

Federal Funded Acquisition Projects

Project	Federal Contract		WWRP	SRFB	County	Resource Impact	Acres	Other
Yakima River Wildlife Corridor-Phase 2	\$1,849,720	Sec 6	Approved with funds 01-03 Alternate 03-05		Kittitas	Acquisition and restoration; salmonid and bull trout recovery.	920	Cascade Conservation Partnership (CCP); TPL; USFS/DNR Forest Legacy; Audubon; Yakama Nation; DOT; State Parks; Kittitas County support.
Dungeness Meadowbrook Coastal Wetlands	\$997,243	Coastal	Approved with funds 03-05 Related Dungeness Riparian Forest	Match with SRFB Funds	Clallam	Acquisition along lower Dungeness River; salmonid recovery; migratory waterfowl; falcons; eagles.	105	Jamestown S'klallam; Ducks Unlimited; Clallam Co. letter of support; No. Olympic Land Trust; Ecoregional Assessment.
Dungeness Estuarine Wetlands Project	\$987,500						20	
Lower Sequim Bay Coastal Wetlands & Estuary	\$998,900	Coastal	Alternate 01-03	Match with SRFB Funds	Clallam	Acquisition and restoration; benefit chinook and chum salmon; shellfish; waterfowl; falcons; eagles.	9.4	Jamestown S'klallam; Ecoregional Assessment; Clallam Co. letter of support; Clallam Co. Stream Keepers.
South Padilla Bay Acquisition & Restoration	\$1,000,000	Coastal	Approved with funds 99-01	Match with SRFB Funds	Skagit	Acquisition and restoration of estuarine wetlands; salmonid restoration; migratory waterfowl; falcons; eagles.	440	Skagit Co. partnership; NRCS; Ducks Unlimited; Skagit Assessment; Pacific Coast Joint Venture.
Willapa/Cedar River Acquisition	\$860,000	Coastal			Pacific	Acquisition and restoration of estuarine wetlands; migratory birds; salmonid recovery.	475	NRCS; Ecoregional Assessment; Cascade Land Conservancy; Pacific Coast Joint Venture.
Deadman Slough Acquisition & Restoration	\$1,000,000	Coastal	Alternate 99-01	Match with SRFB Funds	Snohomish	Acquisition and restoration of estuarine wetlands; salmonid recovery; migratory waterfowl.	243	NRCS; Ecoregional Assessment; Cascade Land Conservancy; Ducks Unlimited; Pacific Coast Joint Venture.
Yakima River Phase 3	\$1,270,000	Sec 6 Pending	Approved with funds 01-03 Alternate 03-05		Kittitas	Acquisition and restoration; salmonid and bull trout recovery.	480	USFS/DNR Forest Legacy; Audubon; Yakama Tribe; TPL; State Parks; CCP; Kittitas Co.support; DOT.
Tieton River	\$670,000	Sec 6 Pending	Approved with funds 03-05		Yakima	Acquisition; bull trout; steelhead; bighorn sheep; eagles; falcons.	640	USFS/DNR Forest Legacy; Yakima Co. letter of support; TNC; Yakama Nation; Wenatchee National Forest.
Sub Total	\$9,633,363							
Authorized Q-14 03-05 Capital Authority	\$1,208,000	Eight acquisition and restoration contracts previously received were expected to be expended in 01-03. The anticipated federal authority necessary for expenditure during the 03-05 budget period was \$4,000,000. That became the basis of the Agency request; and, eventually the authority contained in the Agency's 03-05 appropriation. Due to the timing of the acquisition/restoration activities and project changes the actual need is an additional \$1,208,000. Without this increase in spending authority the Department will be unable to complete the transactions.						
Total Authority Request*	\$10,841,363							

NOTE: Parcels and willing sellers have been identified.

National Coastal Wetland Conservation Grants (Coastal): Funded by a small percentage of the federal excise tax on small boat motors and fuel (Wallop-Breaux Fund). Grants are made annually, through the US Fish and Wildlife Service, for acquisition, restoration, and/or enhancements of coastal wetlands. Grants are only available to state agencies. They are capped at \$1 million/project and must be matched by at least 25% non-federal cash or in-kind contributions. Projects must be in coastal counties. Since 1991 Washington state agencies alone have received almost \$20 million in National Coastal Wetland grants.

Endangered Species Conservation Fund (Sec 6): The USDI Fish and Wildlife Service offers grants that provided for a wide array of voluntary conservation projects for candidate, proposed and listed species. The two land acquisition grant programs listed below are available to States and Territories. These funds are administered by state agencies with ESA Section 6 Cooperative Agreements and may in turn be awarded to private landowners and groups for conservation projects. Washington State projects have received about 25% of the available annual appropriation, amounting to over \$40 million since 2000.

Recovery Land Acquisition Grants provided funds for acquisition of habitat that support approved recovery plans.

Habitat Conservation Plan (HCP) Land Acquisition Grants that provide funds for land acquisitions that are associated with approved HCPs.

*Additional grant opportunities will occur; such as federal FY05 Coastal Grants and BPA mitigation (currently under negotiation at \$2.4 million). Future grant application success and amounts are unknown.